

Message Text

CONFIDENTIAL

PAGE 01 LA PAZ 00414 162206Z

ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 ISO-00 SSO-00 CIAE-00
DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00 PA-01
PRS-01 SP-02 SS-15 AID-05 COME-00 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 GSA-02 IO-13
CEA-01 STR-06 INT-05 NSCE-00 USIE-00 INRE-00 /112 W
-----025031 162213Z /75

O R 162145Z JAN 78

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 8947

AMEMBASSY LONDON

C O N F I D E N T I A L LA PAZ 0414

LONDON FOR US DELEGATION

E.O. 11652: GDS

TAGS: EMIN, BL, ITC

SUBJECT: DEMARCHE ON US POSITION AT THE INTERNATIONAL TIN COUNCIL

REF: (A)STATE 10989, (B) STATE 8271

1. AMBASSADOR BOEKER AND RRA EXPLAINED THE USG'S ITC POSITION AND ITS RATIONALE TO MINISTRY OF MINES UNDER SECRETARY ARMANDO DE URIOSTE AND DIRECTOR OF ECONOMIC STUDIES ROLANDO JORDAN. THE BOLIVIANS REMAIN UNCONVINCED OF THE WISDOM OF USG POLICY. THEY MAINTAIN THAT A HIGHER BUFFER STOCK PRICE RANGE IS NECESSARY TO STIMULATE NEW INVESTMENT AND CONTINUE TO INSIST ON THE IMPORTANCE OF THE FLOOR PRICE AS AN ASSURANCE TO BANKS THAT THE TYPICAL PRICE VOLATILITY OF COMMODITIES, ESPECIALLY TIN, NOT THREATEN COMMERCIAL ACCEPTABILITY OF LOANS MADE TO TIN MINING ENTERPRISES.

2. JORDAN CONTRADICTED THE STATEMENT (IN PARA 8, REF B) THAT TWO THIRDS OF FREE WORLD TIN PRODUCTION COULD BE PROFITABLY PRODUCED, INCLUDING TAXES, AT THE PRESENT FLOOR PRICE. HE SAID THIS COULD ONLY

CONFIDENTIAL

PAGE 02 LA PAZ 00414 162206Z

BE TRUE IF TAXES WERE NOT INCLUDED. THE UNDERSECRETARY SAID THE QUESTION OF DISCUSSING TIN INDUSTRY TAX SYSTEMS IN PRODUCER COUNTRIES IS A DELICATE MATTER SINCE EACH GOVERNMENT HAS THE RIGHT TO IMPOSE TAXES AS IT SEES FIT. HE SAID THE ITC SHOULD DISCUSS THE VARIOUS TAXES ON MINING MACHINERY PRODUCED IN INDUSTRIAL COUNTRIES BECAUSE THE TIN-PRODUCING COUNTRIES MUST IMPORT MOST OF THEIR MACHINERY AND EQUIPMENT. IF THE INDUSTRIAL COUN-

TIRES LOWER TAXES ON MINING MACHINERY, THUS LOWERING ITS COST, THE TIN-PRODUCING COUNTRIES CAN PRODUCE TIN AT A LOWER COST.

3. URIOSTE AND JORDAN ARE AWARE OF THE NEED FOR TAX REFORM AND MINING DEVELOPMENT LAWS TO OFFER INCENTIVE TO THE BOLIVIAN TIN MINING INDUSTRY AND SUCH LAWS HAVE BEEN UNDER STUDY BY THE GOB FOR MANY MONTHS. NONETHELESS, URIOSTE BELIEVED THAT THE MAIN HINDRANCE TO NEW INVESTMENT IN TIN MINING HAS BEEN TOO LOW A PRICE UNTIL RECENT MONTHS. HE ALSO FELT A US CONTRIBUTION (IF IN CASH) TO THE ITC BUFFER STOCK WOULD BE A BIG ASSIST TOWARD MAKING THE BUFFER STOCK A MORE VIABLE FORCE FOR STABILIZING THE TIN MARKET.

4. AMBASSADOR BOEKER RAISED THE POSSIBILITY OF EXPANDING THE RANGE OFF THE BUFFER STOCK (WIDENING THE BAND) WITHOUT NECESSARILY CHANGING THE MIDPOINT. UNDER SECRETARY URIOSTE APPEARED CURIOUS AND OPENMINDED ENOUGH TO CONSIDER IT FURTHER. HE EXPRESSED THE OPINION THAT THE GOB WOULD PROBABLY NOT FIND IT CONVENIENT TO AGREE TO SUCH A CHANGE AT THE PRESENT TIME. JORDAN SEEMED UNENTHUSIASTIC ABOUT THE PROPOSAL.

5. URIOSTE SAID NO ONE FROM THE MINISTRY WOULD BE GOING TO LONDON FOR THE ITC MEETING. THE COMIBOL REPRESENTATIVE, ZAVIER, HAS ALREADY BEEN WITHDRAWN FROM LONDON SO THE PERMANENT REPRESENTATIVE (MIRANDA) WILL BE PRETTY MUCH GOING IT ALONE. THIS PROBABLY MEANS THERE WILL BE LITTLE FLEXIBILITY IN THE BOLIVIAN
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 00414 162206Z

POSITION BUT PERHAPS ALSO THERE MIGHT BE LESS FIGHT.

6. COMMENT: THE BOLIVIANS WERE UNCONVINCED BY THE AGREEMENTS AND RATIONALE FOR THE USG POSITION. HOWEVER, THEY SEEMED TO TAKE AWAY FROM THIS RATHER LONG DISCUSSION ON TIN A GREATER APPRECIATION OF THE IMPORTANCE OF THE ISSUES FOR THE US AS A CONSUMER COUNTRY. END COMMENT.
BOEKER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, POLICIES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LAPAZ00414
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780023-0805
Format: TEL
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780160/aaaabyz.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 849763e3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 10989, 78 STATE 8271
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3770670
Secure: OPEN
Status: NATIVE
Subject: DEMARCHE ON US POSITION AT THE INTERNATIONAL TIN COUNCIL
TAGS: EMIN, BL, US, ITC
To: STATE LONDON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/849763e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014